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July 18, 2016

Clerk of the Board  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812-2828

Re: The Coalition of California Utility Employees Comments on the Proposed Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities

Dear Chair Nichols and Members of the Board,

The Coalition of California Utility Employees ("CUE") appreciates the opportunity to comment on the Proposed Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities. CUE commends the Air Resources Board for developing such thorough and rigorous regulations that will prevent natural gas operators from permitting catastrophic releases like the occurrence at Aliso Canyon.

The proposed regulation will dramatically reduce methane emissions from the oil and natural gas sector. It covers greenhouse gas emissions, predominately methane, from production, gathering and boosting stations, and processing as well as natural gas storage and transmission compressor stations. It addresses both vented (intentional) and fugitive (unintentional) releases of greenhouse gases by processes at onshore and offshore crude oil or natural gas production facilities, crude oil, condensate and produced water separation and storage facilities, natural gas gathering and boosting stations, natural gas processing plants, natural gas transmission compressor stations, and natural gas underground storage.

The proposed regulation establishes emission standards for active and idle equipment and components at these facilities. Depending on the equipment or component, control mechanisms include vapor recovery, leak detection and repair (LDAR), and equipment replacement. Additionally, the proposed regulation

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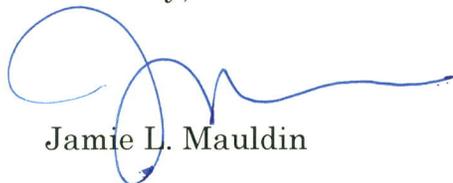
includes monitoring at underground natural gas storage facilities for the early detection of large leaks or well failures.

CUE supports the provisions of the proposed regulation. CUE has been an active party in developing best practices to reduce methane emissions on Investor Owned Utilities' natural gas lines and independent storage providers' wells in the California Public Utilities Commission proceeding resulting from Senate Bill 1371.<sup>1</sup> Many of the Air Resources Board's proposed regulations are aligned with the practices being developed in the CPUC proceeding. The provisions developed by both agencies will create a strong regulatory backbone for methane emission prevention in the oil and gas sector.

However, CUE has serious concerns with the provisions rewarding oil and gas operators who find fewer leaks by allowing them to change from quarterly inspections to yearly inspections.<sup>2</sup> This loophole provides a perverse incentive for oil and gas operators to find and report fewer leaks. This will inevitably result in more undetected and unreported leaks, along with greater emissions. We strongly suggest that you should remove Section 95669(g)(1) and instead mandate quarterly inspections for all oil and gas operators—regardless of the amount of leaks they find.

CUE supports the Air Resources Board's proposed regulation as it will prevent methane and GHG emissions from the oil and gas sector and provide accountability for oil and gas operators. However, the Air Resources Board must not inadvertently incentivize those operators to find fewer leaks just so they can reap the benefits of yearly versus quarterly inspections. The proposed regulation should be modified to remove that incentive and mandate quarterly inspections for all operators.

Sincerely,



Jamie L. Mauldin

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<sup>1</sup> Rulemaking 15-01-008.

<sup>2</sup> Section 95669(g)(1).